

# Protecting one of your most valuable assets with disability insurance



Did you know that the ability to work is one of your greatest assets? Have you ever thought about how you would make ends meet if you weren't receiving a regular paycheck? No one wants to think about suffering a serious illness or disability that could prevent them from earning a living. But, if you're not prepared, there could be serious financial impacts on your quality of life.

Health insurance may cover most of your medical costs, but how will you pay the rent or mortgage, utilities, grocery bills, and other monthly expenses? Disability income insurance can help by offering you critical financial protection if you're unable to work due to a disability.



## What is disability insurance?

Short-term disability (STD) insurance offers benefits that pay a portion of your salary if you're out of work due to a covered illness, injury, or childbirth. Generally, STD insurance covers disabilities lasting between 13-26 weeks; however, the actual period will depend on the terms of your policy.



## How would you pay your bills in the event of a serious accident or illness?

If you were to become sick or injured and were unable to work, you might not be able to rely on the these financial resources:

### Social Security

Social Security disability insurance (SSDI) benefits may be available to you depending on your medical condition, your income, and how long you've been working; however, it can typically take three to five months to get approved for SSDI benefits.<sup>1</sup> Once approved, there is generally a five-month waiting period before benefits begin, which is usually unpaid. For some, not receiving payments can mean not paying the bills or other expenses.

Moreover, the Social Security Administration has strict definitions as to what qualifies as a disability, and there's no guarantee you'll be approved for benefits. Lastly, the average monthly SSDI benefit of \$1,358 may not be sufficient to cover all your living expenses.<sup>2</sup>

### Workers' compensation

Workers' compensation (WC) will only compensate you if you suffer a work-related injury or illness. This coverage won't offer financial protection for a disabling accident or illness that occurs outside of the workplace.

### Personal savings

According to a recent survey, nearly 69% of Americans would experience difficulty if a paycheck were delayed by a week.<sup>3</sup> If you were unable to work, could you live off your savings? Do you have enough to replace your income for several weeks, months, or even years?



## How your STD plan protects you

If you're disabled due to an illness or injury, you may be eligible to receive benefits that replace a portion of your lost income. Purchasing group disability insurance can help minimize the financial impact of a disabling illness or injury that may prevent you from earning a living.

## Know the facts



1 in 4

20-year-olds will become disabled before reaching retirement age.<sup>4</sup>



54%

of Americans with medical debt have defaulted on it.<sup>5</sup>



67%

of applications are denied by the Social Security Administration.<sup>6</sup>



## Protect your paycheck with disability insurance

To learn more review your enrollment materials or contact your Human Resources department for additional information.

<sup>1</sup> "What You Should Know Before You Apply for Social Security Disability Benefits," Social Security Administration, 2020, <https://www.ssa.gov/disability/Documents/SSA-1171-KIT.pdf>.

<sup>2</sup> Boyte-White, Claire, "What Are the Maximum Social Security Disability Benefits?", Investopedia, January 29, 2022, <https://www.investopedia.com/ask/answers/082015/what-are-maximum-social-security-disability-benefits.asp>.

<sup>3</sup> "Getting Paid in America' Survey Results," National Payroll Week, 2020, <https://www.nationalpayrollweek.com/wp-content/uploads/2020/09/2020GettingPaidInAmericaSurveyResults.pdf>.

<sup>4</sup> "Chances of Disability," Council for Disability Awareness, September 30, 2021, <https://disabilitycanhappen.org/disability-statistic>.

<sup>5</sup> "Inside the Wallets of Working Americans," Salary Finance, 2020, <https://www.salaryfinance.com/us/2022-report>.

<sup>6</sup> "Annual Statistical Report on the Social Security Disability Insurance Program, 2020," Social Security Administration, 2020, [https://www.ssa.gov/policy/docs/statcomps/di\\_asr/2020/sect04.html](https://www.ssa.gov/policy/docs/statcomps/di_asr/2020/sect04.html).

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LCN-4967112-092622

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